

CIA HISTORICAL REVIEW PROGRAM
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~~SECRET~~ PBSUCCESS RYBAT

MAY 25 1954

LINCOLN

Chief of Station, Guatemala []

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1. Reporting period was dominated by speculation concerning the shipment of arms which arrived at Puerto Barrios at the close of the previous period. Our previous prediction that the successful delivery of the mentioned arms would hearten enemy forces and discourage the opposition is believed to have been valid. However, despite the reassuring presence of the arms, the prevailing mood of the government was still one of nervousness and tension owing to other important factors including the doubtful loyalty of the army.

2. In addition, during the period covered more and more people came to expect an uprising or civil disturbance in the near future. Labor unrest continued; members of the foreign colony debated the desirability of sending their families out of the country, and for the first time, many people realized with a shock that the situation is rapidly reaching the point of decision for themselves as well as for their country.

ESTIMATE OF THE ENEMY SITUATION

Although enemy forces were considerably strengthened by the arrival of the Alfhem arms shipment, the position of the government was a defensive one.

The extensive precautions taken to assure safe delivery of the arms revealed the government's fear and following the attempt to dynamite one of the trains carrying arms to the capital, efforts were redoubled.

Every precaution was also taken to make as much capital as possible out of the arms delivery, and the army was a primary target. Govt. officials saw fit to assume the undivided loyalty of the army and Marco Antonio FRANCO, president of Congress, declared that the army was now strong enough to take on all foes. Minister of Foreign Relations Guillermo TORIELLO, in a meeting with the press, denounced the U.S. as guilty of aggressive action, refused to disclose the origin of the arms, and added that the army was "not a menace to anyone."

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Rumors to the effect that TORIELLO would take the matter of U.S. "aggression and intervention" to the U.N. further evidenced the government's need and desire to divert attention from the local scene and its own activities.

In another effort at diversion, the government played up a report concerning the recruitment of 8 men who allegedly believed they were to be employed in Honduras in the lumber industry only to subsequently discover they were to form part of an invasion army to be led by Castillo Armas.

Obviously concerned for the fate of the present regime, the CGTG issued a call to its members to be prepared to defend the government of the revolution in case of attack. It is also considered that this statement was made in an effort to forestall any criticism of delivery of arms to the CGTG.

It also appeared that the government feared the possible role of the UFCO in any uprising for information concerning a government-sponsored attempt to plant arms in Bananera thus implicating UFCO officials and leading the way to complete expropriation was reported.

ESTIMATE OF THE FRIENDLY SITUATION

Events of the week tended to more fully awaken friendly elements to the dangers in the path being pursued by the government. Their previously reported attitude of hopeful expectancy was changed to one of a realization of the serious difficulties to be met in ridding the country of the present regime coupled with the renewed belief that it must go. However, fear engendered by the arms shipment has also risen.

The basic reaction to early reports of the arms shipment was one of disgust at U.S. statements denouncing purchase behind the Iron Curtain and U.S. failure to take active measures--such as torpedoing at sea--to prevent their arrival in the first place. The feeling that the time for words on the part of the U.S. was past and that action was what was needed was prevalent. However, it was generally accepted that the State Department had prior knowledge of the transaction and as the week wore on, there was hopeful speculation to the effect that the U.S. had permitted delivery so that it could subsequently "crack down" on Guatemala.

Further hope was provided by reports that the Army was divided in its loyalty and might not choose to defend the government in case of an uprising.

Clara M. Heagey

24 May 1954

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